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Study Finds Top Drugs for Aged Easily Outpace Inflation

By ROBERT PEAR

WASHINGTON, June 24 — A consumer group said today that prices of the 50 drugs most often prescribed for elderly people rose last year at nearly three times the rate of inflation.

The report was issued by the consumer group, Families USA, as House Republicans tried to round up votes for their bill to provide prescription drug benefits to the elderly under Medicare. The bill, approved last week by two House committees, is scheduled for a vote on the House floor this week.

Doctors, hospitals and some other health care providers have endorsed the bill, in part because it would increase the payments they receive for treating Medicare patients.

But groups representing retail druggists, including the National Association of Chain Drug Stores and the National Community Pharmacists Association, attacked the bill today, saying it would slash their reimbursement and pressure elderly people to use mail-order pharmacies as a cost-saving measure.

The report from Families USA said prices for the 50 drugs most used by the elderly rose an average of 7.8 percent last year, compared with the 2.8 percent rise in the Consumer Price Index for all items but energy. (Energy prices, which fell last year, were excluded from the calculation because they have been particularly volatile.)

Prices for more than one-third of the drugs, 18 of the 50, rose at least three times the rate of inflation. The average annual cost of a drug on the top-50 list was \$1,070. The drugs with the highest prices, each listed at more than \$1,400 a year, were Celebrex, for arthritis; two ulcer drugs, Prilosec and Prevacid; Zocor, a cholesterol-lowering agent; and Plavix, which helps prevent blood clots.

Stephen W. Schondelmeyer, a pharmacist and economist at the University of Minnesota who did much of the research for the report, said drug companies appeared to be raising prices in the expectation that Congress would soon add drug coverage to Medicare. As a corollary, he said, the government may put new pressure or limits on drug prices.

The House Republican bill, with a 10-year cost estimated at \$350 billion,

would pay federal subsidies to insurance companies to induce them to offer drug coverage for Medicare beneficiaries. It is similar to a bill that the House passed in June 2000. The vote then was close, 217 to 214, so House Republican leaders are taking nothing for granted this week.

One conservative Republican, Mac Collins of Georgia, has indicated that he will vote against the bill. Several other House Republicans, including Ernest Istook of Oklahoma, have expressed concerns about the bill's cost or its effects on pharmacies.

"Making big promises may win some votes," Mr. Istook said today, "but somebody has to pay. Instead of using taxpayers' money to pay overblown prices, we should work to reduce what prescriptions are costing. Medicare is on wobbly legs already. Adding this \$35 billion in annual spending could make the whole thing collapse."

Families USA said the data in its report came from a Pennsylvania program that helps more than 240,000 low-income people buy prescription drugs.

Jackie Cottrell, a spokeswoman for the Pharmaceutical Research and Manufacturers of America, a trade association, said the report ignored the fact that drug prices could vary widely, even in the same neighborhood. "Seniors may want to shop around to find the best value," Ms. Cottrell said.

Jeffrey L. Trewhitt, another spokesman for the trade group, said the report did not take account of discounts negotiated by managed care organizations and other bulk purchasers of drugs.

Social Security benefits, a major source of income for the elderly, are increased each year to keep pace with the Consumer Price Index. "Seniors live on fixed incomes that, at best, rise with inflation," said Ronald F. Pollack, executive director of Families USA. "Drug prices are rising much faster than inflation. So drugs are consuming a larger share of seniors' budgets, and, over time, they are becoming unaffordable."

Of the 50 drugs most often prescribed for the elderly last year, the report said, 40 were brand-name medicines and 10 generic drugs. Prices for the brand-name drugs rose an average of 8.1 percent, it said, while generic-drug prices rose 1.8 percent.